

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA***

***San Diego, California***

***United States Attorney  
Carol C. Lam***

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***For Immediate Release***

### **NEWS RELEASE SUMMARY** - May 8, 2006

United States Attorney Carol C. Lam announced that United States District Court Judge M. James Lorenz today sentenced Susan Denice Browne and Charles Edward Browne in federal district court in San Diego in connection with their roles in a fraudulent investment scheme called Alliance Leasing. Judge Lorenz sentenced Susan Browne to serve 60 months in custody after she pleaded guilty on September 19, 2005, to one count of conspiracy to commit mail fraud and one count of conspiracy to commit tax evasion. Judge Lorenz sentenced Charles Browne to serve 51 months in custody after a jury found him guilty, along with four co-defendants, of one count of conspiracy to commit mail fraud and 22 counts of mail fraud following a two-month trial in August 2004.

According to Assistant U.S. Attorneys Edward P. Allard, III and Kyle W. Hoffman, who prosecuted the case, the evidence at trial and court documents showed that Susan and Charles Browne started the Alliance Leasing scheme here in San Diego. Then, with the participation of John Walter Lang of Alabama, and Laurence Crowell Leafer, David Lee Halsey and Braccus Lucien Giavanno, all of Florida, the investment

scam flourished not only here in California but in other states across the country, raising \$46 million from defrauded investors before collapsing into bankruptcy in November 1998.

According to the evidence at trial and court documents, in the scheme, investors were promised returns of 16% per year with no risk. Their investments supposedly bankrolled leases for commercial equipment such as ATMs and bagel-making machines. Investors were told that their funds would be used to purchase equipment that would then be leased to independent businesses, with 90% of the money supposedly going to purchase equipment, and only 10% going to a management fee.

In reality, on top of the 10% management fee, at least 30% -- and frequently much more -- of investor funds were immediately siphoned off in the form of "commissions" to the Brownes' co-defendants and others. In addition, later investors' funds were used to make up the shortfall created by the high and undisclosed commissions, in classic Ponzi-scheme fashion. More than 1,600 investors put \$46 million -- including substantial sums from retirement and IRA accounts -- into the scheme, before it ultimately collapsed.

United States Attorney Lam stated, "Investors should always remember that the promise of breathtaking returns is a good warning sign of investment fraud; and promoters of these fraudulent schemes should take note that lengthy prison sentences are awaiting them."

Individuals who intentionally jeopardize the financial well-being of their clients through the use of fraudulent high-yield investment schemes will be held accountable by our legal system. IRS Criminal Investigation Special Agents will use their financial expertise and continue to combat investor fraud and tax crimes. The public needs to be aware of investment schemes that abuse the trust between the promoters and their clients, said Kenneth J. Hines, Special Agent in Charge, IRS Criminal Investigation.

Leafer and Halsey were previously sentenced to serve 40 months in custody for their participation in the scheme. Giavanno and Lang are set to be sentenced before Judge Lorenz on May 15, 2006.

## **DEFENDANTS**

Susan Denice Browne  
Charles Edward Browne

## **SUMMARY OF CHARGES**

Title 18, United States Code, Section 371 (Conspiracy to Commit Mail Fraud)  
Maximum sentence: Five years in prison and a fine not to exceed \$250,000

Title 18, United States Code, Section 371 (Conspiracy to Commit Tax Evasion)  
Maximum sentence: Five years in prison and a fine not to exceed \$250,000

### **AGENCIES**

Internal Revenue Service, Criminal Investigation Division  
Federal Bureau of Investigation  
United States Postal Inspection Service